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Dear Client:

Don't blink, or you may miss some of the many changes occurring in the City of Austin – such as the South Central Waterfront Initiative.

The City of Austin is often criticized for the length of time it takes to approve such activities as building permits, etc. But don't mistake the slow permitting process for lack of action on other fronts in one of the fastest-growing cities in the nation. **City government is remaking Austin, as a massive influx of new residents (along with good economic times) is impacting just about all sectors.**

Austin, and in fact the entire 5-county metro area, is physically changing. If you take time to veer off your normal driving pattern and go to areas where you haven't been recently, you are sure to be amazed at what is happening. We haven't seen any hard numbers to quantify it, but **this could be one of the most dynamic periods in Austin's history as far as visible change is concerned.**

A current example-about-to-happen is the South Central Waterfront Initiative. You are justified in asking what this is all about as only **City Hall insiders and those intimately involved in the effort appear to be highly knowledgeable** about the Initiative.

Back in August, with little fanfare, the Austin City Council adopted a resolution initiating a **comprehensive small-area plan for 97-acres that abut Lady Bird Lake on its south shore.** The area runs from South First Street on the west with the southern boundary encompassing Barton Springs Road, East Bouldin Creek and Riverside Drive. It stops short of IH35 on the west.

The South Central Waterfront Initiative is an effort to develop a vision to help **guide public and private development in this area that is already undergoing widespread change** as redevelopment interest increases.

How can you find out more? **The City of Austin is hosting a “waterfront walkabout” tour Saturday, 1/11/14, from 10 am to noon.** There will be guides to help explore the area before planning or development begins. Meet at One Texas Center, 505 Barton Springs Road, and be prepared to walk about 1.5 miles outside for about two hours.

A brand new #1 national economic ranking this week simply underscores the job-growth-population-growth equation that has marked the Austin area's performance in recent years – a performance that is triggering almost-daily changes.

The 2013 Milken Institute Best-Performing Cities Index ranks large US metro areas by how well they are **creating and sustaining jobs and economic growth**. **The components include job, wage and salary and technology growth**. In most years, these give a good indication of the underlying structural performance of regional economics.

The Austin-Round Rock-San Marcos metro area moved up from #2 to claim the top spot, knocking the San Jose-Sunnyvale-Santa Clara metro from last year's #1 ranking down to #4. Provo-Orem, Utah moved from #7 to #2 this year. The San Francisco-San Mateo-Redwood City vaulted from #6 to #3.

This is how Milken described #1 Austin metro: “A rising technology center that is home to a University of Texas campus, **it is creating high-quality employment that improves the region's overall wage structure**. Economic development officials tout its business-friendly, low-tax, low-regulation climate when recruiting outside the state.”

While the Austin metro has earned bragging rights with its #1 large city classification, other Texas metros are also among the nation's leaders. In fact, five Lone Star State metros are among Milken's Top Twenty 2013 Best Performing Cities, more than any other state: **Dallas-Plano-Irving, #7 ... Houston-Sugar Land-Baytown, #8 ... San Antonio-New Braunfels, #12 ... Fort Worth-Arlington, #16 and Corpus Christi, #17**. By the way, Detroit (in the midst of bankruptcy proceedings) did not end up last (#200) on the Milken list of best performing cities, but it was close at #167. Last place went to Atlantic City, New Jersey.

UTAustin is a state university, of course. So what percentage of its 2013-2014 budget of \$2.48 billion is derived from state funds? More than half? Wrong. How about less than 25%.

This wasn't always the case. **Back in the 1984-1985 school year, the percentage of state funds in its \$503 million budget was about 59%** -- 47% from the state's general revenue fund and about 12% from the Available University Fund (AUF), that includes oil and gas revenue from lands in West Texas owned by the UTSystem. **In the 2013-2014 year, the percentage of state funds is about 22%** -- 13% from state appropriations and 9% from the AUF.

The remainder of the 2013-2014 budget comes from these sources (with 1984-1985 percentages in parentheses): **24% from tuition and fees (5%) ... 44% from research grants and other areas (33%) and 10% from gifts and endowments (3%)**. This dramatic change over three decades has impacted UTAustin's operations and goals.

A report out of San Antonio this week indicates Austin is now among the short list of cities under consideration for a Major League Soccer (MLS) expansion franchise. Professional soccer team? Hmmmmm.

The report downplayed Austin's chances because San Antonio is putting on a full court press (sorry about the mixed metaphor!) for one of three remaining franchises up for grabs. Here's how it was described. **MLS has already awarded one of the franchises to Orlando. And it is down to Atlanta and Miami for the second franchise.**

San Antonio is pushing for the third, along with Minneapolis and St. Louis. **But San Antonio was told the MLS Commissioner has added Austin to the short list of cities for the third franchise.** It came as a surprise to San Antonio and they are downplaying Austin's chances. One hurdle that San Antonio, and Austin, faces is MLS reportedly favors new downtown soccer stadiums for new franchises.

Calendar update: last week's newsletter gave a day to avoid flying out of Austin's airport due to anticipated Formula One crowds next year. Now mark your calendars for Halloween as well, because it's going to fall on a Formula One race day! Talk about spooky!

You'll recall we gave you a heads-up last week to avoid using Austin-Bergstrom International Airport (ABIA) on the Monday following the Formula One international race weekend (click on the Archives button at the top of the page to read the 11.29.13 edition). **An ABIA record number of passengers crowded the terminal on that Monday last month.** Well, the dates for the 2014 big event were set this week. **The ABIA "fly-date" to mark off your calendar is Monday, November 3rd 2014.**

The new dates trade one logistical problem for another. The F1 event, along with associated big activities, will take place October 31st through November 2nd 2014. **No Longhorn home football game is scheduled for Saturday November 1st.** The 'Horns are scheduled to play Texas Tech in Lubbock that day. So the hotel crush and Saturday crowding should be diminished in 2014.

But there's a big "however." **Friday October 31st is Halloween.** Uh, oh. This could pose an interesting situation if **tens of thousands masked-and-costumed drunken revelers "invade" the downtown area** – specifically East 6th Street – as they have in the past.

Remember, Formula One related events block off several downtown blocks for several days during the F1 timeframe. **Should be interesting to see how downtown residents and workers, F1 visitors, Halloween celebrants, city police, etc. handle this confluence – and the necessary clean-up.**

If you live in Austin's 78739 or 78746 ZIP codes, your neighbors are among those with the highest median household incomes and the best educated in the US. This helps explain why you are the target of so many marketing efforts.

As you know, the USCensus Bureau compiles massive amounts of data on every household in the country. And this data is available. It is public information. *The Washington Post* recently dissected some of the data to determine those specific **ZIP codes in the US that contained the highest percentage of college graduates and the highest median incomes.**

Out of all the ZIP codes in the US, it found 650 that met their high benchmark of education and income. **They called them Super ZIPs.** Eight were in the Austin area (78739 and 78746 ranked #1 and #2), ten in Houston, eleven in Dallas-Ft. Worth and five in San Antonio.

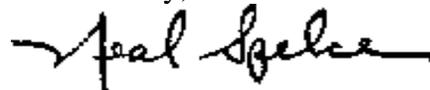
And for certain marketers, Super ZIPs are golden. Instead of sending marketing messages – such as direct mail – to the entire city, **marketers that are looking for high-dollar, educated customers, can laser-focus their efforts on those Super ZIPs.** If they have a good message, their success ratio greatly increases.

Speaking of wealthy residents, Michael Dell who lives in the 78746 ZIP, currently ranks among the nation's top philanthropists.

Forbes magazine places him at #18 on its US list, noting that he, along with his wife, gave away \$100 million in 2012 and reported **the Dells had a lifetime philanthropic giving total of \$914.4 million.** *Forbes* magazine calculates **Michael Dell's net worth as of September at \$15.9 billion,** ranking him #25 on its list of the 400 richest Americans.

Dr. Louis Overholster, not known for his philanthropy, has this to say about his financial situation: "I started out with nothing and I still have most of it left!"

Sincerely,



Editor/Publisher